

Women's Pension Protection Act of 2018

Sec. 1 - Short Title; Sec. 2 - Findings

The bill is named the “Women’s Pension Protection Act of 2018.” Approximately 29 percent of households headed by individuals aged 55 through 74 have no retirement savings and 34 percent of the private sector workforce lack access to a workplace retirement plan. This bill aims to address certain issues for a critical group within the larger retirement crisis.

Women often lag significantly behind their male counterparts in preparing for retirement as the median retirement income in 2014 was 54 percent of men’s retirement income; women are also 1.5 times as likely to live in poverty after attaining age 65. Women make up the majority of low-wage and part-time workers and accordingly are less likely than others to participate in a workplace retirement plan. Further, women are more likely to leave the workforce to become caregivers, which has a considerable and long-term impact in terms of lost wages and Social Security benefits.

This Act takes steps to extend critical protections to women’s retirement security and provides enhanced tools to ensure women can better prepare for retirement.

IMPROVING RETIREMENT SECURITY

Sec. 3 – Increasing Spousal Protections Under Defined Contribution Plans

This provision extends the spousal protections that are currently available for defined benefit plans to defined contribution plans. Specifically, the provision requires a spouse’s consent for certain distributions made from a DC plan as well as any designation or change of beneficiary. This provision also explicitly outlines the rights of participants and beneficiaries to bring a civil suit for violations of these new requirements – rights which are currently available for participants and beneficiaries of defined benefit plans.

Sec. 4 – Improving Coverage for Long-Term Part-Time Workers

This section would amend the minimum participation standards for certain long-term part-time workers. This provision would allow employees to participate in a plan once they have reached the current minimum participation standards (age 21 or the completion of one year of service (generally 1,000 hours of service during a 12-month period)) or once they have completed at least 500 hours of service for three consecutive years, if earlier. This provision would not apply to employees that are covered by a collective bargaining agreement provided that retirement benefits were the subject of good faith bargaining. The provision further provides that plans that fail to permit participation for these long-term part-time workers may be subject to a civil penalty of \$10,000 per year per employee.

Sec. 5 – Effective Dates

The increased spousal protections under DC plans provision would become effective for distributions and rollover contributions six months following the enactment of the bill.

The improved coverage for long-term part-time workers provision would apply to plan years beginning after December 31, 2016. It is important to note that any 12-month period beginning before January 1, 2014, in which an employee worked at least 500 hours would not be counted for purposes of this provision.

IMPROVING FINANCIAL LITERACY

Sec. 6 – Access to Independent Consumer Information and Understanding

In any offer for the sale of a retirement financial product or service, financial providers shall provide a link to the CFPB website where the consumer shall be able to access information and resources produced by the CFPB and/or other federal agencies relating to retirement planning or later life economic security. The Financial Literacy and Education Commission will determine and publish such link to the CFPB's website as well as other related materials.

Sec. 7 – Grants to Promote Financial Literacy for Women

This provision provides the Secretary of Labor, acting through the Director of the Women's Bureau, to award grants of at least \$250,000 to established community-based organizations on a competitive basis in order to improve the financial literacy of women who are of working or retirement age. The provision authorizes the appropriation of such sums as would be necessary to carry out this section.

IMPROVING ACCESS TO RETIREMENT SAVINGS

Sec. 8 – Grants to Assist Low-Income Women and Victims of Domestic Violence in Obtaining Qualified Domestic Relations Orders

This provisions provides the Secretary of Labor, acting through the Director of the Women's Bureau in conjunction with the Assistant Secretary of the Employee Benefits Security Administration, to award grants of at least \$250,000 to established community-based organizations on a competitive basis to assist low-income women and victims of domestic violence in obtaining qualified domestic relations orders to ensure that these women actually obtain the benefits to which they are entitled through those orders. The provision authorizes the appropriation of such sums as would be necessary to carry out this section.